Government of Saskatchewan

Annual Report 1984-85

Saskatchewan Economic Development and Trade

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Letters of Transmittal

From the Minister

The Honourable F. W. Johnson
Lieutenant Governor of the
Province of Saskatchewan

Sir:

I have the honour to present herewith the Annual Report for the Department of Economic Development and Trade for the fiscal year ending March 31, 1985.

Respectfully submitted,

Eric Berntson
Minister
Saskatchewan Economic
Development and Trade

From the Deputy Minister

Honourable Eric Berntson
Minister
Saskatchewan Economic
Development and Trade

Sir:

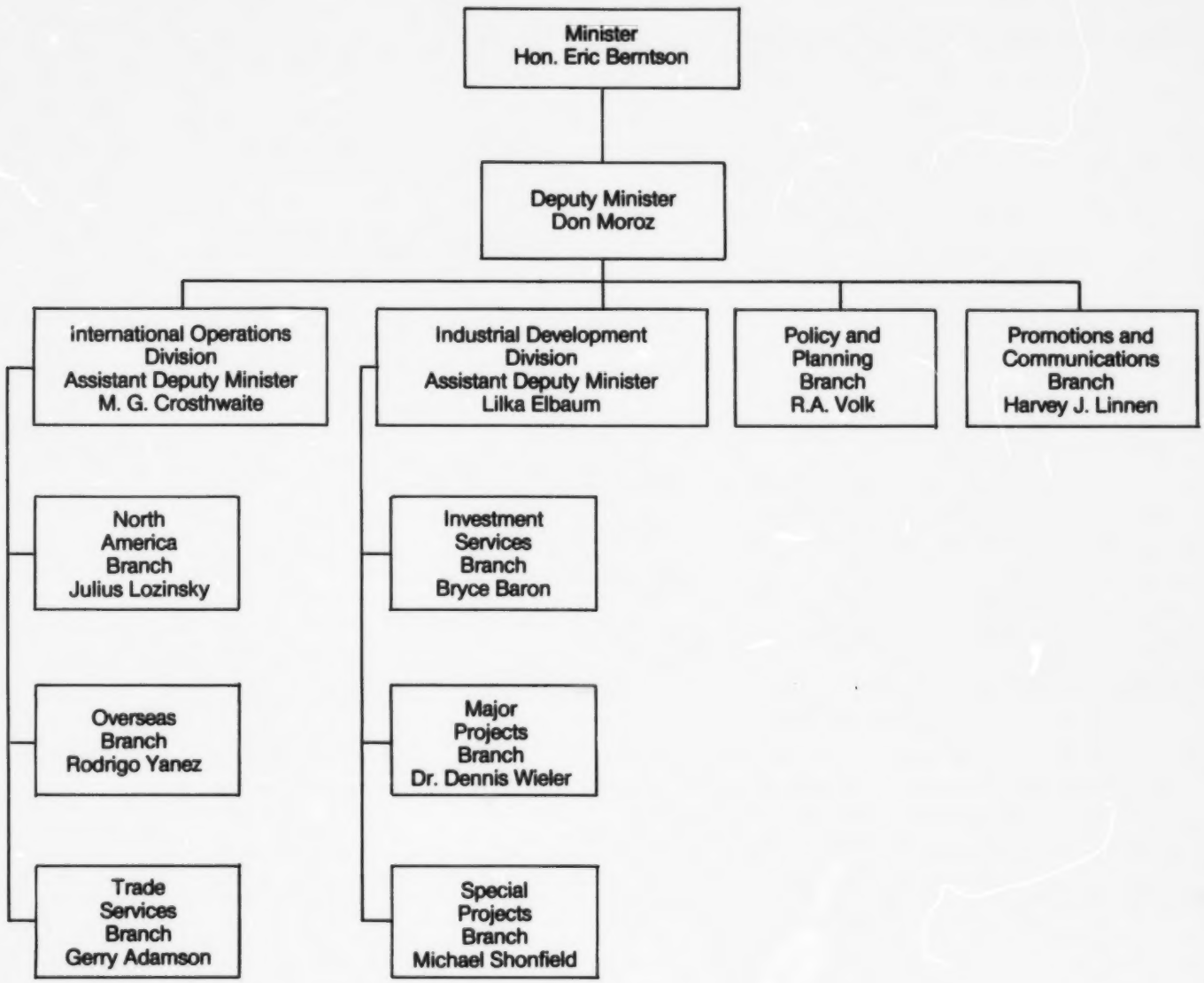
I have the honour to submit for your consideration the Annual Report for Saskatchewan Economic Development and Trade for the fiscal year ending March 31, 1985.

Respectfully submitted,

Dan Gagnier
Deputy Minister
Saskatchewan Economic
Development and Trade

Organization Chart

(March 31, 1985)



The Year in Review

- The department contacted 3,000 out-of-province manufacturers — all of them potential investors.
- The Industrial Incentive Program was created with a one-year mandate, but was so successful it was extended for another year. It created 1,800 new jobs and $55 million in new investment for Saskatchewan.
- The first-ever Saskatchewan Opportunities Seminar was held in Toronto, an event that promoted the merits of investing in Saskatchewan to the Toronto business community.
- The department represented the western provinces on a federal-provincial task force looking at trade restrictions on steel exports to the U.S.
- A new branch — the Special Projects Branch — was created to handle financial assistance to major or unique projects.
- A data base of Saskatchewan manufacturer and supplier capabilities was developed, to aid in department negotiations with major project developers.
- Over $100 million worth of private and public purchases were analyzed to identify opportunities that would bring new services and products into the province.
- Consultation was provided to more than 500 firms on how to access major project opportunities.
- The Aid to Trade program generated $7.75 million in sales for Saskatchewan manufacturers.
- The International Operations Division was established to carry out new efforts in exporting to the U.S. and the Asia-Pacific region.
- As part of export efforts in the Asia-Pacific region, a ministerial visit to Japan was organized, and the department also co-ordinated the premier's visit to Europe.
- Another Saskatchewan first — the "laser disc interactive touch-screen video project" — was created. A computerized video presentation, it used a laser disc to answer investor's and buyers' questions, and is an excellent example of Saskatchewan high-tech capabilities.
- A new, comprehensive and multi-faceted display system was developed to promote Saskatchewan on the international trade marketplace.
- Two new, high-quality publications were produced to promote Saskatchewan as a world-class exporter.
- Fifty-four studies for various sectors of the manufacturing industry were conducted; 36 were cost shared with the specific industries.
- The department reviewed 49 applications in its role as the provincial contact for the federal Foreign Investment Review Agency.

Industrial Development Division

The mandate of this division is to attract industrial investment to the province in order to broaden Saskatchewan's economic base and boost economic growth. This is achieved by:

- focusing on attracting industrial sectors that would be most suited to locating in Saskatchewan.
- working on an ongoing basis to inform potential investors of the investment climate in Saskatchewan.
- working to obtain maximum benefits from major construction projects.

The Industrial Development Division is divided into three branches — Investment Services, Major Projects, and Special Projects.

Investment Services Branch

"Saskatchewan is a prime location for industrial development." This is the message that the Investment Services Branch is striving to pass on to investors in Saskatchewan, eastern Canada and the western United States. It achieves this through direct mail contacts, through publication advertising, and through one-on-one contacts at seminars and trade/industry shows. Whatever the vehicle for the message, the intent is always the same — to promote Saskatchewan as a first-class location. In 1984-85, the branch contacted over 3,000 out-of-province manufacturers, all of them potential investors.

This past year, the branch concentrated more on one-to-one contacts, having found that the quality of the contact is higher, even though the actual numbers are lower. In carrying out this policy, it conducted the first-ever Saskatchewan Opportunities Seminar, an event that saw the Economic Development and Trade minister, four prominent Saskatchewan business people, and representatives from Saskatchewan communities travel to Toronto. In a highly-successful seminar, they told the Toronto business community about the advantages of investing in Saskatchewan.

The branch also participated at In-Site '84 in San Francisco, a site selection show that provided the opportunity to tell North American investors about Saskatchewan. The Investment Services Branch increased its attendance at other trade and industry shows, and worked with the Promotions and Communications Branch to produce a video presentation that uses a laser disc and touch-screen to communicate with those attending the shows. It expanded and enhanced its activities by increasingly involving Saskatchewan business people, institutions and communities in promotions.

Providing a comprehensive service to investors

The branch works in any way it can to assist investors who want to know more about Saskatchewan, who have made the decision to invest in Saskatchewan, or who are already here and wish to expand or establish new industries.

In 1984-85, it expanded and upgraded an investor information data base. From this computerized program, staff can draw the information needed to tailor-make an information package for any investor interested in the province. The report is bound and presented to the client in a professional package that has been very well-received. In excess of 100 packages were prepared in 1984-85.

In addition, the branch provides business advice, counselling, co-ordination, referrals, liaison services, and a variety of facilitation services — including setting up meetings, travel arrangements and tours — for investors. If an investor is already set up in Saskatchewan and wants to expand or is having problems, the branch's professionals are there to provide counselling and advice.

Administering a highly-successful incentive program

In April 1984, Investment Services launched a one-year incentive program. Due to its tremendous success, it has been extended to March of '86. During April '84 to March '85, the branch approved 203 applications under this new program, resulting in more than 1,800 new and permanent jobs and $55 million worth of anticipated new investment for Saskatchewan.

Called the Industrial Incentive Program, it is unique for any jurisdiction in North America. Instead of offering a capital grant on the basis of an investor's projections, it offers financial assistance on the basis of performance to any manufacturer or processor locating or expanding in Saskatchewan. How much assistance the investor gets is based on investment made and new jobs created. A sum of $7,500 is paid out for each new and permanent job created, to a maximum of 25 per cent of the investment.

This performance-based program provides incentives according to actual results. The investor is paid the money only after having made the investment and maintained the employment for 12 months. In order to qualify, an investor need only fill in a simple application form.

The Industrial Incentive Program was developed by Investment Services and is administered by the branch. Funding for the program is included in the Employment Development Fund of the new Employment Development Agency.

Major Projects Branch

The mandate of this branch is to bring major projects developers and the Saskatchewan business community together, so that Saskatchewan entrepreneurs — and ultimately all of Saskatchewan — can benefit from major construction projects in the province.

Providing information to business

In order to advise Saskatchewan businesses of current major projects — those of $10 million or more — the branch produces a Major Projects Inventory every six months. The publication, which is circulated free to the Saskatchewan business community, provides a list of all major projects that are planned or underway. Further to this publication, the branch issued an Industrial Benefits Bulletin every six weeks this past year. The bulletin breaks down major projects, providing specific project details, lists of materials to be used, and advice on how businesses should get involved.

Major Projects also worked with other branches to produce several first-time directories in 1984-85. They include: Saskatchewan Design Council Directory; Mining Services Directory; Construction Services Directory. These publications are extensively used by the branch to locate suppliers when it is working with developers.

Expanding opportunities

An important function of the branch is to monitor the procurement systems for each major project, ensuring that the supply specifications are realistic for Saskatchewan businesses, and that Saskatchewan firms are placed on the bidding list. In 1984-85, to aid in its discussions with developers, it worked with other government departments to develop a data base of industrial manpower and local supplier capabilities.

Because of its efforts in this area, more than $10 million worth of contracts have been awarded to Saskatchewan firms in many areas of business in the past year. Firms to benefit include those involved in: engineering services, construction, structural fabrication, oilfield equipment; printing, consumable supplies, fuels, consulting, civil materials, pipe. Equally as important, more Saskatchewan firms are now on the bidding lists for major projects — on the average, 30 to 35 per cent more in 1984-85.

The branch also negotiates with developers to ensure that bid packages are scaled down to sizes that are more appropriate for Saskatchewan firms, and this past year successfully worked on 15 major projects. It also intervened on 50 occasions to ensure that bids were fairly evaluated — so that value and local content were given importance.

Assisting local suppliers

Major Projects has the task of analyzing the 75 to 80 major projects occuring in Saskatchewan at any given time, and identifying relationships between them in order to assist Saskatchewan suppliers in expanding market share or developing new product lines. To further aid suppliers' development, it identified more than a dozen opportunities this year to transfer new technologies to the province.

The branch analyzed over $100 million worth of public and private sector purchases this past year, for the purpose of identifying opportunities that would bring new or expanded services and products into the province. Because of its efforts, existing firms received assistance and new employment opportunities were created.

In 1984-85, consultation was provided to more than 500 firms on how to access major project opportunities — including advice on joint-venturing, bonding, bid preparation and market analysis.

Working in all areas of the province

In the past year, Major Projects established a Saskatoon office so that it could work more effectively with major project developers and suppliers in northern Saskatchewan.

To date, the branch has had extensive talks with firms in the meat-packaging, food-processing, and the ammonia fertilizer industries, and believes the results could be very promising.

Ultimately, the branch plans to aggressively evaluate potential areas of opportunity in the province and select specific target areas for investment, rather than waiting for those in industry to approach the department.

Developing analytical capabilities

The branch is currently in the process of developing computer capabilities to assess investment possibilities. It will combine an existing program that looks at multiplier effects for the province, with a program it is designing that will look at feasibility from the investor's point of view.

Special Projects Branch

In order to ensure that economic opportunity in Saskatchewan is not lost, the Special Projects Branch was created in February 1985 to review projects that require greater or different financial assistance than that provided by other programs within the department.

In the past, the department lacked the capability to undertake comprehensive analysis of projects of this type. Such projects, therefore, relied almost totally on financial support from the federal Department of Regional Industrial Expansion. the existence of the branch now enables the province to exercise more control over economic development and to streamline and hasten the financial approval process.

Assessing and negotiating for Saskatchewan

The branch looks at requests for large-scale funding on a discretionary basis, much the same way as a private sector company looks carefully at investments it plans to make. It will be establishing criteria to perform accurate in-house assessments of requests for assistance, as opposed to solely relying on the firm's financial statements. Once the assessment has taken place, the branch will be involved in negotiations with the firm, bargaining for terms of agreement that will benefit Saskatchewan.

International Operations Division

This division of the department has the task of promoting the sale of Saskatchewan goods and services in other parts of the world. This it achieves by encouraging and supporting Saskatchewan manufacturers to export their products — to other parts of Canada, to the U.S., and overseas.

International Operations evolved from the former Trade Development Branch in October 1984, to reflect several new ideas in export policy. The branches in this division are: North America; Overseas; Trade Services. The two geographically-divided branches are the operations branches, providing program delivery to Saskatchewan companies; the Trades Services Branch offers logistical support, export financial assistance, program administration and trade policy advice.

The North America Branch

The North America Branch works with Saskatchewan manufacturers and processors to identify products, marketing strategies, and marketing opportunities in the United States (the number one export market for Saskatchewan products), as well as in other parts of Canada. It also offers a liaison with federal trade agencies.

The branch provides guidance to Saskatchewan exporters, teaching them the ins and outs of exporting. As well, it helps them find distributors for their products, and helps them promote their products by identifying suitable trade shows, fairs and missions for them to participate in. It has two trade officers in Regina, and one in Minot, North Dakota.

The Overseas Branch

The Overseas Branch has focussed its efforts on the Asia-Pacific region, particularly China, Japan, Hong Kong and Australia — an area believed to be Saskatchewan's number two market and an area that has the fastest-growing economy in the world.

It also reacts and acts upon opportunities in other parts of the world, participating at trade fairs in Latin America and Europe. There are two trade officers in Regina, one in London, England and one in Hong Kong. This fiscal year, it gained approval to establish a trade office in Hong Kong and will implement this decision in the very near future.

The branch helps its Saskatchewan clients to develop products, markets and marketing strategies for the geographic area it is responsible for. It is capable of providing market intelligence for any given area of the world — for any product or service.

The Trade Services Branch

This branch acts as the service arm of the division, arranging for client participation in the trade fairs, shows and missions identified by the two other branches. In 1984-85, it co-ordinated 300 Saskatchewan companies' participation in 26 trade fairs. It organized six out-going trade missions, and 19 incoming trade missions from 10 different countries. As well, it held two trade seminars to provide marketing information for Saskatchewan manufacturers.

The Trade Services Branch also administers the Aid to Trade program, a department incentive for manufacturers and processors that offers financial aid for market research, product promotion, shipping samples, and other approved marketing activities. Last fiscal year, the branch approved 670 projects, a move which generated $7.75 million in sales for Saskatchewan exporters.

The branch also administers the Market Development Fund, a program that provides financial aid for marketers of agricultural products who are seeking to expand their markets. Last year it assisted Saskatchewan industries and associations with 55 projects.

The Saskatchewan government's Entrepreneurial Immigration program is also administered by the Trade Services Branch of International Operations. It's a program that encourages foreign entrepeneurs to emigrate to Saskatchewan, using their skills to create new industries and jobs here. To date, the branch has seen 82 immigrants arrive in Saskatchewan, many of them from Hong Kong.

Following through on the division's efforts in the Asia-Pacific region, the branch organized a ministerial visit to Japan, and also co-ordinated the premier's visit to Europe during the past year.

The Trades Services Branch also provides trade research and policy services for the department.

Working on U.S. and Asia-Pacific markets

As part of its strategy to further develop the U.S. market, International Operations is looking at Saskatchewan's needs and position with respect to a possible comprehensive free trade agreement between Canada and the U.S. Work on this enormous task began this year, and will continue well into the future.

As part of its plan for the Asia-Pacific market, it is participating with other Government of Saskatchewan departments in carrying out a cultural and economic plan of action between Saskatchewan and the Chinese province of Jilin. One of the steps in the plan of action calls for a visit by the Minister of Economic Development and Trade in the near future.

Working with the federal government

The division has spent the past year preparing for new multi-lateral trade negotiations which it believes the federal government will become involved in within the next few years. It has prepared, and is continuing to prepare, Saskatchewan's input.

International Operations also plans to work on a trading agreement in conjunction with the federal government, to co-ordinate federal and provincial efforts on marketing Canadian products and services. And it is looking at the possibility of more participation with the federal government in overseas marketing — either by establishing Saskatchewan offices or by participating in federal consulates, embassies and commissions.

Policy and Planning Branch

This branch, in addition to preparing economic development policies for the Government of Saskatchewan, acts as the research arm of the department. Its "clients" are other branches in the department, other government departments, and specific sectors and firms in Saskatchewan's manufacturing and business communities.

Assisting Saskatchewan's manufacturing industry

One of Policy and Planning's primary activities is to monitor the industrial sectors that are important to Saskatchewan's manufacturing industry, passing on the information it has gathered — opportunities, constraints, analyses, market conditions — to those involved in the industries.

In 1984-85, the branch conducted a study of the alfalfa industry, and the results were made available to the industry. They included market forecasts and issue identification, and have led to ongoing consultation by the branch with the industry.

Inter-departmental activities included participation on an interdepartmental committee reviewing the aqua-culture industry, and a jointly-funded study with the Department of Science and Technology to determine the future direction and opportunities involved in technology transfer.

Participating with the private sector

Another important branch activity is performing cost-shared studies for Saskatchewan industry and potential investors. In 1984-85, the branch delivered 36 cost-shared studies at a cost of $220,807, and performed a further 18 department-sponsored reviews. Topics included transportation, taxation, technology, investment and manpower.

In addition, it approved seed money for the Saskatchewan Council of Independent Forest Industries to help with its establishment and organization. This reflects a government objective to assist small industries to organize themselves, enabling them to collectively address issues regarding industry growth.

Acting for the government

Policy and Planning acts on behalf of the Government of Saskatchewan on a number of economic-related issues, from sitting on federal committees to forecasting of the provincial economy.

In 1984-85, the branch represented all four western provinces on a federal-provincial industrial task force looking at trade restriction on steel exports to the U.S. It's also the Saskatchewan government's contact for the federal Foreign Investment Review Agency, and this year participated in 49 application reviews.

The branch also acted for the provincial government when it reviewed a grant application by Canadian Western Agribition, resulting in a $5 million grant to expand commercial cattle facilities on the basis of Agribition's reputation as an internationally-recognized livestock trade show.

Promotions and Communications Branch

The Promotions and Communications Branch has an increasingly-important role of carrying the department's message to the general public, to investors, and to the Saskatchewan business and manufacturing community. Its mandate is to assist the other branches to promote exports of Saskatchewan goods and services, to attract out-of-province investment, to encourage industrial benefits from major projects, and to promote the department. Its "clients" are the department as a whole, and the specific branches within the department.

Promotions and Communications works with the other branches to produce all department promotional and informational material — including news releases, booklets, pamphlets, video presentations, displays and advertising. In addition, it organizes the department's participation in trade shows, seminars and other events of this nature, and aids specific branch participation. This year, it successfully placed more emphasis on inter-branch planning to obtain an integrated communications program.

Moving toward a new trend in communication

This past year, the branch directed a good deal of its efforts toward "face-to-face" communication, using the more traditional communications tools — such as brochures and booklets — as backups. As a result, it stepped up the department's participation in trade shows and other events that allow for direct contact. Throughout the year, the department attended a total of 32 shows.

As well, it organized the first-ever Saskatchewan Opportunities Seminar, in conjunction with the Investment Services Branch. The purpose of the seminar, which was hosted by the department's minister and four prominent Saskatchewan business people, was to sell the Toronto business community on the advantages of investing in Saskatchewan. It was held in Toronto in February.

Developing an all-new educational and promotional package

In order to present a first-rate image of Saskatchewan at trade shows and seminars, the branch developed the department's first comprehensive exhibit system. The result is a top-quality display that is achieving a high degree of credibility on the national and international market-place. It's extremely portable, and can be adapted to a spectrum of sizes and uses.

To complement the exhibit system, a "laser disc interactive touch-screen video project" was developed — a first in Saskatchewan. The project is a video presentation that uses a laser disc, rather than a video tape, to store the video information. The computer laser disc, which is also programmed to answer viewers' questions simply by having them touch the video screen, eliminates the need for a traditional computer keyboard.

The video project has been well-received, and it is a concrete example of the capabilities of Saskatchewan's high-tech industry. It was created in conjunction with CTi Communications in Saskatoon, and already has been the subject of numerous inquiries from out-of-province firms interested in it.

Continuing to enhance Saskatchewan's image

In 1984-85, the branch scored a number of successes in its ongoing efforts to promote Saskatchewan as a world-class exporter. It produced two new, high-quality publications for use on the international market-place — New Technology in Saskatchewan, and Saskatchewan Exports.

In addition, it continued to produce the Industrial Benefits Bulletin, and the Major Projects Inventory for the Major Projects Branch. It also put out eight other publications, as well as 11 news releases and seven reprints of previous publications.

The branch took a new approach to advertising this year, developing methods to improve feedback from advertising and promotion programs. Combined with a larger advertising program, this effort resulted in several thousand inquiries which trade and investment officers are now following up.

The branch also took the first steps this year in developing new programs which will explain the importance of exports and investments, as well as the services of the department, to the people of Saskatchewan.

Working to involve the private sector

The branch has also devoted its energies this past year to involving the private business sector in the department, and in its communications programs. For example, it encouraged Saskatchewan businesses to become involved in trade shows — both in planning and the on-site participation. The Saskatchewan Opportunities Seminar is another example of private sector involvement.

The branch also worked to encourage community participation with the department. It developed a working relationship with the Saskatchewan Economic Developers Association (SEDA), a group of economic development officers from city and town administrations across the province. It listened to their concerns, and involved them extensively in trade shows and other similar events. The minister of Economic Development, and the minister of Tourism and Small Business, both were important participants in the SEDA annual meeting. The branch further assisted the organization by developing exhibit hardware that tells the SEDA story and promotes investment in Saskatchewan communities.